



Commercial Service Caribbean Region Santo Domingo

IMPACT OF CAFTA-DR ON THE BUILDING PRODUCTS SECTOR

CAFTA-DR Facts

The United States and Dominican Congresses recently approved the Central American Free Trade Agreement-Dominican Republic (CAFTA-DR). The agreement will greatly expand the bilateral trade between the participating countries; it will also allow for greater access for U.S. exports into the region. The member states of CAFTA-DR, combined, already constitute the 10th largest market for U.S. exports in the world. In 2004, the United States exported nearly \$16 billion of manufactured goods to the region, of which 27% was exported to the Dominican Republic; the largest market among the CAFTA-DR partners. The United States exports 56% of all Dominican imports and enjoys a market share of over 70% in consumer goods imports into the Dominican Republic.



CAFTA-DR is expected to be implemented on January 1, 2006. However, the CAFTA-DR partners that have ratified or approved the agreement must formally agree on an implementation date. The U.S. Chamber of Commerce estimates that upon implementation of the CAFTA-DR, US exports to the region could grow by 20% in the first year. When implemented, CAFTA-DR provides for the immediate elimination of tariffs on 80% of all manufactured goods exported from the United States. Customs duties on the remaining 20% of products will be phased out over the next five to fifteen years. In addition, the CAFTA-DR will require each member country to take steps to improve government transparency, customs procedures and the protection of foreign investments.

Under the CAFTA-DR, US imports into the Dominican Republic have been classified by categories. Each category provides for the elimination of customs duties in different stages. Some products will enter the Dominican Republic duty-free on the date the agreement enters into force, while others will receive gradual reductions on the customs duties. Most of the products in the building products sector have been categorized within the groups A, B, C and M. An explanation of these categories follows:

Category A:

Duties on goods under this category will be eliminated entirely on the date the agreement enters into force.

Category B:

Duties on goods in this category will be removed in five equal annual stages beginning on the date the agreement enters into force and will be duty-free effective January 1 of year five.

Category C:

Duties on the products under this category will be removed in ten equal annual stages beginning on the date the agreement enters into force, and will be duty-free, effective January 1 of year ten.



Category M:

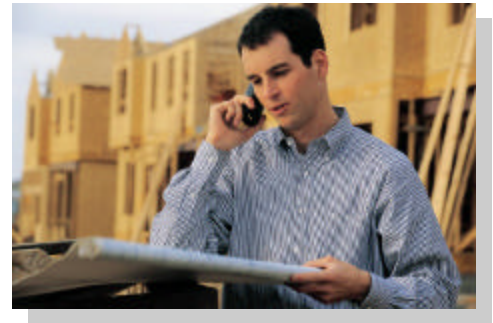
Duties of goods in category M will be removed in ten stages. On the date the agreement enters into force, duties will be reduced by two percent of the base rate, and by an additional two percent of the base rate on January 1 of year two. On January 1 of year three, duties will be reduced by an additional eight percent of the base rate, and by an additional eight percent of the base rate each year thereafter through year six. On January 1 of year seven, duties will be reduced by an additional 16 percent of the base rate, and by an additional 16 percent of the base rate each year thereafter through year nine, and these products will receive a full duty-free treatment effective January 1 of year ten.





For the products included under each category please refer to the attached list.

It should be noted that the benefits of CAFTA-DR are for those products that comply with the "Rules of Origin" established in Chapter Four of the agreement. Under these rules, a product that is manufactured in another country, for example Japan or China, will not receive duty-free treatment even if it is imported from the United States.



Another important benefit of the CAFTA-DR is that several other taxes and fees levied on American products exported to the Dominican Republic will be eliminated. These are the Consular Invoice (current value varies), and the Exchange Surcharge (currently 13%). However, a 16% ITBIS tax (value added tax on industrialized goods and services) is required to be applied to most products sold in the Dominican Republic. As a result of the elimination of these taxes, the prices of building products are expected to decline, while imports from the United States are expected to increase.

The U.S. Commercial Service offers excellent programs to help American companies identify potential distributor. For more information on services available to U.S. business please visit our website: www.export.gov/caribbean.

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CAFTA-DR Air Conditioning and Refrigeration Equipment HS Codes - Dominican Republic

Category A	
HS Code	Description
391710	Art guts, sausage casing, harden protein/cellulos
391890	Floor coverings of other plastics
440710	Lumber (sawn/chipped lengthwise, sliced/peeled, treated, >6Mm thick, coniferous, except finger jointed)
440710	Lumber (wood sawn/chipped lengthwise, sliced/peeled, not treated, planed/sanded, >6Mm thick, except finger-jointed): Sitka-Pine-Fir mix Hemlock-Fir mix





Category A	
HS Code	Description
440710	Not treated, rough lumber: Sitka Spruce Eastern White/Red Lodgepole Pitch Ponderosa Pine Douglas Fir Larch West Red cedar Yellow cedar, cedar Redwood
440791	Rough woods (wood sawn/chipped lengthwise, sliced/peeled, finger jointed/sanded, >6Mm thick): Red Oak Hard Maple Cherry Yellow Poplar Ash Non-coniferous
440799	Non-rough woods (wood sawn/chipped lengthwise, sliced/peeled, finger jointed/sanded, >6Mm thick): Hickory and Pecan Non-coniferous
440810	Reinforced/non-reinforced veneer/plywood sheets, other sawn wood (lengthwise, sliced/peeled, <=6Mm thick, coniferous)
440831/9	Veneer/plywood sheets of tropical woods (lengthwise, sliced/peeled, <=6Mm thick)
440890	Non-reinforced only veneer/plywood sheets: Maple Oak Non-coniferous (lengthwise, sliced/peeled, <=6Mm thick)
440910/20	Wood moldings (coniferous, non-coniferous) Wood continuously shaped (coniferous, non-coniferous)
441021	Oriented standard wood board and waferboard (unworked)
441039	Wood particle board
441111	Fiberboard ligneous
441090	Particle, similar board of ligneous material
441119/99	Wood/ligneous material fiberboard
441213/4	Plywood with at least one out ply consisting of either tropical, Birch, Spanish Cedar, Walnut, or non-coniferous wood (<=6Mm thick, not surface covered)





Category A	
HS Code	Description
440710	Not treated, rough lumber: Sitka Spruce Eastern White/Red Lodgepole Pitch Ponderosa Pine Douglas Fir Larch West Red cedar Yellow cedar, cedar Redwood
440791	Rough woods (wood sawn/chipped lengthwise, sliced/peeled, finger jointed/sanded, >6Mm thick): Red Oak Hard Maple Cherry Yellow Poplar Ash Non-coniferous
440799	Non-rough woods (wood sawn/chipped lengthwise, sliced/peeled, finger jointed/sanded, >6Mm thick): Hickory and Pecan Non-coniferous
440810	Reinforced/non-reinforced veneer/plywood sheets, other sawn wood (lengthwise, sliced/peeled, <=6Mm thick, coniferous)
440831/9	Veneer/plywood sheets of tropical woods (lengthwise, sliced/peeled, <=6Mm thick)
440890	Non-reinforced only veneer/plywood sheets: Maple Oak Non-coniferous (lengthwise, sliced/peeled, <=6Mm thick)
440910/20	Wood moldings (coniferous, non-coniferous) Wood continuously shaped (coniferous, non-coniferous)
441021	Oriented standard wood board and waferboard (unworked)
441039	Wood particle board
441111	Fiberboard ligneous
441090	Particle, similar board of ligneous material
441119/99	Wood/ligneous material fiberboard
441213/4	Plywood with at least one out ply consisting of either tropical, Birch, Spanish Cedar, Walnut, or non-coniferous wood (<=6Mm thick, not surface covered)





Category A	
HS Code	Description
441219	Plywood with outer plies consisting of softwood and at least one outer ply of (no cover/surface covered with clear material): Parana pine European Red pine Douglas Fir Long Leaf Short Leaf Southern Yellow Slash Pitch Va Pine
441219	Plywood with both outer plies consisting of coniferous wood (<=6Mm thick)
441222	Veneer panel with one outer ply of hardwood and at least one layer of tropical wood
441292	Veneer panel with one layer particle board/tropical wood
441293	Plywood/veneer laminated wood with one layer particle board
441299	Veneer panels and similar laminated wood
680610	Slag wools rock or other mineral wools bulk
680620	Exfoliated vermiculite, expanded clays, foamed slag and other expanded minerals materials (including intermixtures)
680690	Acoustical pads and boards of mineral materials
680690	Mixtures and articles of heat-insulated or sand-absorbed mineral material
68060700 510	Float glass, surface ground/polished glass (in sheets, non-wired, with an absorbent/reflecting layer, not otherwise worked)
700521	Non-wired glass colored, opacified, flashed or surface ground (not absorbed/reflective layer)
700529	Non-wired glass
700530	Floated glass (wired sheets, with/without absorbent layer, un-worked)
700800	Multiple-walled insulating units of glass
701610	Glass cubes and other glass small-wares (backed or not, for mosaics etc.)
701690	Glass articles, leaded glass windows (pressed/molded; wired or not; for building/construction; multi-cellular/foam glass)
701912	Rovings, glass fibers, articles
701919	Slivers of glass fibers
701939	Insulation products of glass fibers
	Webs, matters, boards (non-woven glass)
701940	Narrow fabrics (woven, glass fiber rovings)
701952	Narrow fabrics woven (>30Cm wide, plain weave)
701959	Other woven fabrics of glass fibers
701990	Woven glass fibers, articles





Category A	
HS Code	Description
730110	Iron/steel sheet piling; cast iron soil pipe
730300	Cast iron pressure pipe (inside diameter <356Mm)
	Cast iron tubes, pipes and hollow profiles
730711	Non-malleable cast iron fittings for cast iron soil pipe
730719	Ductile fittings, unions, pipes, other cast fittings (iron/steel/cast iron)
730721	Stainless steel flanges
730722	Stainless steel pipe elbows, bends
730729	Stainless steel tube, pipe fittings
730791	Non-alloy steel flanges
730792	Non-alloy or iron sleeves (pipe couplings) Iron threaded elbows, bends (iron/steel)
730793/9	Butt welding fittings, other fittings (iron/non-alloy steel/alloy steel not stainless)
730810	Bridges, bridge sections (iron/steel)
730820	Towers, lattice masks (iron/steel)
730890	Columns, pillars, posts, beams, graders and similar structures (iron/steel)
741910	Copper chain, parts
741991	Brass plumbing goods (cast stamped or forged but not further worked) Articles of copper (cast stamped molded or forged but not further worked)
830110	Padlocks of base metal
830130	Base metal locks of a kind used for furniture
830150	Base metal clasps and frames with clasps, including locks
830160	Base metal parts of locks
830120	Keys presented separately
830241	Base metal door closers, parts for buildings
842810	Passenger, freight elevator, skipper hoists
842840	Escalators, moving walkways
848110	Pressure-reducing valves (pneumatic fluid power)
848120	Pneumatic valves (directional control)
848140	Safety, relief valves
848180	Hand-operated gate type taps, cocks and valves (iron/steel) Taps, cocks and valves with hydraulic actuators, other, parts Bath, shower, sink and lavatory faucets
848190	Parts of hand-operated and check appliances
902820	Liquid
902830	Electricity meters





Category A	
HS Code	Description
902890	Parts and accessories of electricity meters
903210	Thermostats
Category B	
HS Code	Description
440910/20	Non-assembled wood flooring (coniferous, non-coniferous)
441840	Wood formwork (shuttering) for concrete construction
441850	Wood shingles and shakes
830140	Door locks, locksets and other base metal locks for doors Other locks of base metal
Category C	
HS Code	Description
391721	Tubes, pipes, hoses (rigid, polymers of ethylene)
391722	Tubes, pipes, hoses (rigid, polymers of propylene)
391723	Tubes, pipes, hoses (rigid, polymers of vinyl chloride)
391729	Tubes, pipes, hoses (rigid, plastic)
391731	Flex tubes, pipes, hoses (minimum burst pressure at 27.6Mpa)
391732	Tubes, pipes, hoses (not reinforced or combines)
391733	Tubes, pipes, hoses (not rigid, not reinforced, with fittings)
391739	Tubes, pipes, hoses
391740	Fittings for tubes, pipes, hoses
391810	Floor coverings (vinyl tile, polymers of vinyl chloride) Wall or ceiling coverings (polymer, vinyl chloride)
391890	Wall or ceiling coverings (other plastics)
392520	Doors, door frames of plastic
392520	Windows, their frames, door thresholds of plastic
392530	Plastic blinds (including Venetian) Plastic shutters, similar articles, parts
392590	Plastic builders' ware
441830	Wood parquet panels
680210	Tiles (artificially colored, <7Cm thick)
680221/9	Marble (cut, flat travertine/ alabaster, other)
680299	Other monumental or building stone
680300	Worked slate, articles of agglomeration slate
680710	Articles of asphalt or similar materials (rolls)
680790	Asphalt roofing and siding or similar material, articles
680800	Panels, boards, tiles, blocks, similar articles agglomerated with cement plaster/other mineral binder (of vegetable fiber, straw/shavings, sawdust)





HS Code	Category C
	Description
680911	Plaster boards, sheets, panels, other (not ornamented, faced/reinforced with paper or paperboard)
680919	Plaster boards, sheets, panels, other (not ornamented)
680990	Other articles of plaster, boards, panels
681011	Building blocks, bricks (cement/concrete/artificial stone, not reinforced)
681019	Floor and wall tiles, articles (cement/concrete/artificial stone)
681091	Re-fabricated structural components, articles (concrete, cement, or artificial stone)
681110	Corrugated sheets (asbestos, cellulose fiber, cement)
681120	Other sheets, panels, tiles (asbestos, cement)
681130	Tubes, pipes, fittings (asbestos, cement)
681190	Articles of asbestos, cement
690490	Ceramic flooring blocks, support/filler tile
690510	Ceramic roofing tiles
690590	Ceramic constructional goods and architectural ornaments
690600	Ceramic pipes, conduits, guttering and pipe fittings
690710	Ceramic tiles, cubes etc. (unglazed, sides <7Cm)
690790	Flags and paving, hearth and wall tiles (unglazed, ceramic)
690890	Ceramic flags, paving, hearth and wall tiles etc. (glazed)
730830	Doors, windows, frames, thresholds for doors (iron/steel)
730840	Equipment for scaffolding, shuttering, propping, pit-propping (iron/steel)
730890	Sheet metal for roofing, siding, flooring etc. (iron/steel); structures, parts (iron/steel)
732410	Stainless steel sinks, wash basins
732421	Cast iron baths (with/without enameling)
732429	Iron/steel baths
732249	Other sanitary ware, parts (iron/steel)
741999	Other articles of copper
761010	Aluminum doors, windows, frames and thresholds for doors
761090	Other aluminum sheet-metal for roofing, siding, flooring Other aluminum architectural and ornamental work Other aluminum structures and parts, Aluminum plates, tubes etc. for structures
848180	Copper, hand-operated taps, cocks, valves





Category M	
HS Code	Description
321410	Caulking compounds Mastics
391723	Tubes, pipes, hoses (rigid, polymers of vinyl)
392510	Reservoirs, tanks of plastic
441810	Wood windows, French-windows and their frames
441820	Wood flush doors Wood doors and their frames, thresholds Porcelain/china water closet bowls, tanks, other (flush-o-meter, tanks in one piece)
690810	Ceramic tiles, cubes etc. (fitting in squares <7Cm)
691010	Porcelain/china sinks, lavatories, sanitary fixtures
691090	Ceramic sanitary fixtures
730120	Angles, shapes, sections (welded, iron/alloy steel/non-alloy steel)
940600	Prefabricated buildings (wood, metal)

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